



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON 25

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May 8 1950

**\*OMB Declassification&Release Instructions On File - No Referral To OMB\***

The Honorable

The Secretary of State

My dear Mr. Secretary:

Reference is made to undated letter, received here March 27, 1950, file No. DF/X, from the Deputy Under Secretary, pertaining to allowance, at Government expense, of transportation, drayage, boxing, crating, etc., charges for movement of automobiles and other personal and household effects of Foreign Service personnel of the Department of State incurred incident to change of post abroad or upon departure from the United States for overseas assignments.

In the said letter it is stated that because of the existing sales practices now obtaining in the automotive industry, difficulty is encountered in applying the rule of 10 Comp. Gen. 268, which confined the obligation of the United States for reimbursement of such items to those expenses of shipment of property of Foreign Service personnel incurred after title to the property has passed to the individual concerned. In that connection it is stated that, in general, automobile manufacturers in the United States are not organized to process export sales priced at factory site; that, if arrangements might be made for export packing of vehicles at factory, the transportation cost on gross weight would be prohibitive; that several manufacturers

B-94040

operate export and distribution plants located near shipping ports but their sale prices include freight charges on unassembled parts and the cost of boxing on the invoice; and, therefore, that it is more economical and generally necessary for an employee, in purchasing an automobile for export shipment, to arrange for delivery to a coastal export plant.

You offer for consideration the following proposals to facilitate payment or reimbursement:

"PLAN A:

A plan has been proposed by one automobile company which may be acceptable by other manufacturers (thereby providing a wider choice of makes of automobiles). This proposal \* \* \* would provide for purchases of automobiles to be made by employees f.o.b. plant with title of ownership being transferred to the purchaser at that point through cash payment or approved credit. Subsequent transportation from plant to the port might be rendered by Government bill of lading payable at the port by the Department. The automobile would be delivered to the United States Despatch Agent at the port of embarkation, who would arrange for export packing by contract and collect from the purchaser any excess cost due to distance between posts. It is presumed that release or delivery of the automobile to a carrier as agent of the Government or employee would be acceptable as evidence that ownership had been transferred to the purchaser, for the purpose of approving payment for transportation and packing.

"PLAN B:

In cases where an automobile is assembled at a plant near the point of export, it would prove helpful to permit acceptance from an employee for reimbursement, of a receipted invoice which renders a separate itemization of readily identifiable charges for inland freight and handling, boxing, drayage, etc., since these items do not represent an integral cost of manufacture.

"PLAN C:

On purchases by employees of merchandise for shipment to posts, receipted invoices are presented with vouchers by the employees to

B-94040

support claims for reimbursement of export packing charges on stock items. The packing charges are segregated as such from the net purchase price on the invoice. Packing and shipment is accomplished subsequent to payment of invoice or establishment of credit. Where credit is established, the invoice may be receipted as of a date subsequent to shipment or delivery at destination, but the cost of packing for export shipment is not considered as included in the purchase price."

Relative to the above proposals, you advise that \$85 per car is the estimated additional cost for arranging payment of transportation and packing of automobiles by means of Government facilities on the basis of f.o.b. plant purchase, under Plan A, instead of the arrangement as contemplated by alternate Plan B; that, similarly, savings would be effected on other types of merchandise purchased by the employee directly from the producer; and that, by reimbursing an employee on a single voucher, there would be involved less accounting and administrative documentation than through issuance and payment of Government bills of lading for transportation, collection from employees for excess cost of shipment and procurement of and payment for export boxing at the dispatch point.

In the light of the above, you request specifically whether this Office would be required to object to payments authorized under any of the following conditions:

"1. Under Plan A, by shipment from plant to export dispatch point by Government bill of lading, assuming that title to automobile has passed to the employee prior to or upon release to the public carrier by the manufacturer or dealer?

"2. Under Plan B, when it is administratively determined to be more economical to the Government to defray the cost of domestic

B-94040

transportation, drayage and export packing through reimbursement to an employee, based upon a separate receipted invoice listing such charges as segregated from the invoiced purchase price?

"a. May an administrative policy be established by this method, as a substitute for Plan A, based upon a survey of comparative costs of each method without the necessity of submitting a comparative cost statement in each case?

"b. What form of substantiation would be required to support payment if the reply to 'a' is in the negative?

"3. Under Plan C, on basis of itemized charges for export packing and drayage on receipted invoice submitted with reimbursement voucher regardless of date of payment since it is obvious that such expenses are incurred incidental to shipment subsequent to purchase?"

Sections 911 and 913 of the Foreign Service Act of 1946, provide, in material part, as follows:

"Sec. 911. The Secretary may, under such regulations as he shall prescribe, pay--

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"(3) the cost of transporting the furniture and household and personal effects of an officer or employee of the Service to his successive posts of duty and, on the termination of his services, to the place where he will reside;

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"(6) the travel expenses of the members of the family and the cost of transporting the personal effects and automobile of an officer or employee of the Service, whenever the travel of such officer or employee is occasioned by changes in the seat of the government whose capital is his post;

"(7) the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Service and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee

B-94040

has been assigned.

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"Sec. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned automobile in any case where he shall determine that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination."

Plan A appears to satisfy the requirement of 10 Comp. Gen. 268 and, also, to meet the requirements of the applicable law, above, and the pertinent provisions of the Foreign Service Regulations, namely, sections 103.605(f), -.607, -.615, -.617, -.672, and -.674. Accordingly, this Office would not be required to object to payments authorized under the conditions specified in 1, quoted above.

With respect to Plan B, it is understood that such plan will be utilized as a substitute for Plan A in those instances in which it is determined administratively as being more economical than Plan A. Accordingly, and considering the current sales methods of automobile manufacturers, no objection will be raised to payments--otherwise proper--authorized under the conditions of 2, quoted above. Moreover, the establishing of an administrative policy along the lines referred to in 2a is not objectionable provided re-surveys of comparative costs be made at reasonable intervals and that copies of such comparative cost figures, based on such re-surveys, be furnished the Audit Division of this Office. Comparative cost statements need not be furnished with each voucher.

B-94040

It is understood that the regulations of your Department governing matters of the nature here discussed provide for reimbursement to an employee of an amount not to exceed what it would have cost had the shipment originated at the employee's residence in the United States, or his last duty station, as the case may be. It is suggested that the said regulations be amended to provide that, in the purchase of new cars for shipment abroad, the amount to be reimbursed be further limited to the costs under Plans A or B, if such costs are found to be less than costs from the place of residence or last post of duty.

There appears to be no objection to Plan C. Therefore, this Office would not object to payments--otherwise proper--authorized in accordance with the conditions prescribed in 3, quoted above.

Sincerely yours,

(Signed) Lindsay C. Warren

Comptroller General  
of the United States